



SECTION II

REVENUE

**TOTAL REVENUE**

Total revenue for FY2024 is projected to be \$205,700,537, an increase of \$7,948,013 or 4.02%. Of this total revenue, \$191,869,960 is from revenue dedicated to support the General Fund and \$13,830,577 is from debt exclusion overrides to support borrowing for capital projects, including Arlington High School, elementary schools, and the Minuteman Regional Vocational Technical High School. The General Fund increase is \$7,965,870 or 4.33%.

The property tax levy is projected to increase, without debt exclusion revenue by \$4,419,416 or 3.27%. This includes the normal 2.5% increase plus \$1,000,000 in new growth. Total tax revenues, including the debt exclusions, increase by \$4,401,559 or 2.95%.

Local receipts are projected to increase by \$630,094 or 6.83% as they continue to rebound from the COVID pandemic shortfalls.

State Aid estimates are made up of Cherry Sheet Aid, the annually recurring aid for education, general government, and other categories (see State Aid description on page 40). In past years the Town also received School Construction Aid, State reimbursements to the Town for borrowing costs the Town incurred for state eligible school building projects, but the last payment occurred in FY2021. Total State Aid is projected to increase \$2,903,612, or 11.51% and is based on the Governor's budget. Arlington will receive a \$2,810,044 (117.68%) increase in Chapter 70 Aid and a \$175,765 (2.0%) increase in General Government Aid.

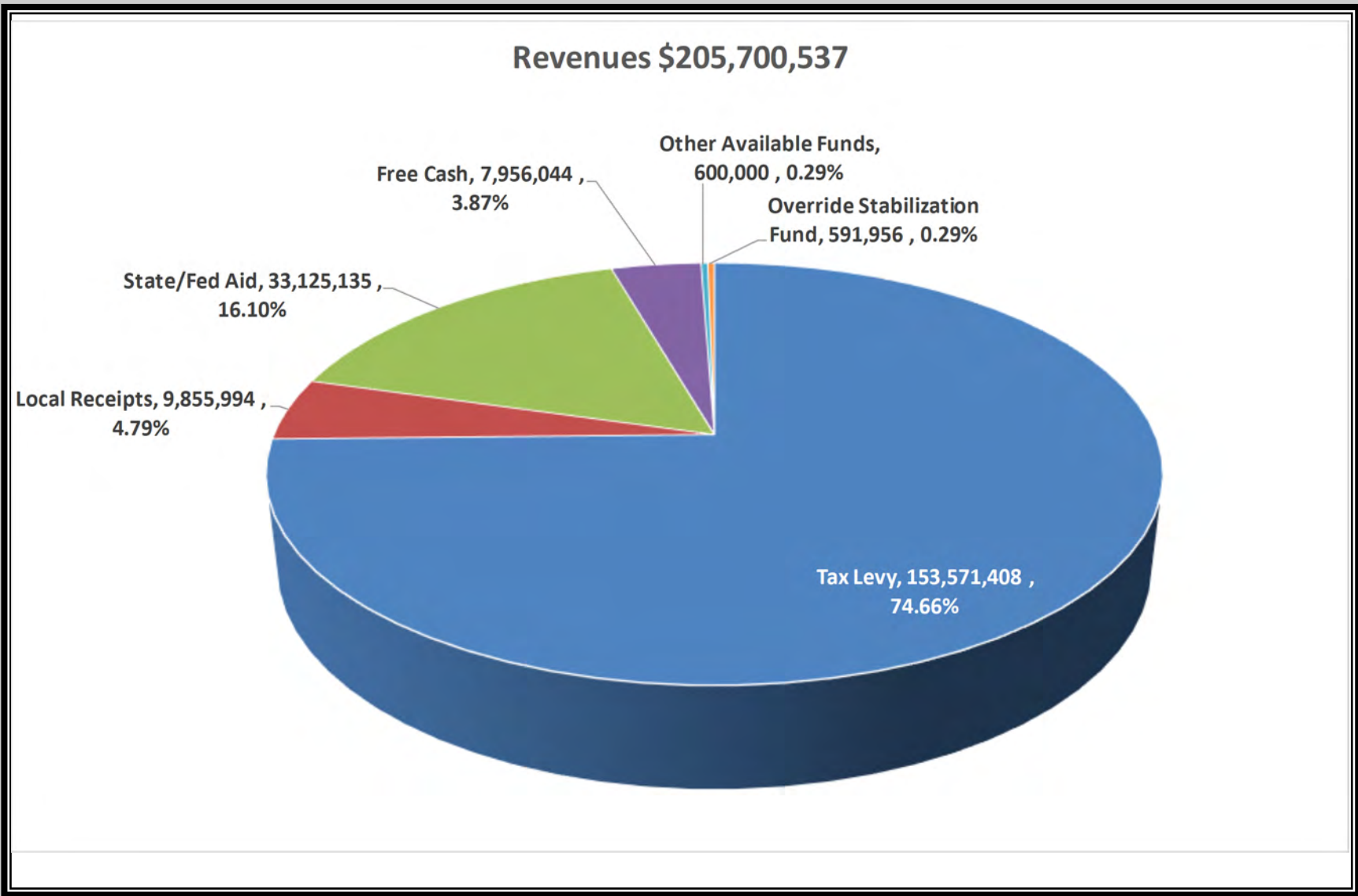
For the second consecutive year, the Town will use \$5,000,000 from the American Rescue Plan Act (ARPA) as replacement for Town revenue lost because of the COVID-19 pandemic. This source not repeat in the future.

A total of \$7,956,044 in Free Cash is proposed to be used, which is an increase of \$2,416,829 from FY2023 and, consistent with Town financial policies, an amount equal to 50% of the Free Cash balance certified by the Department of Revenue for the close of the previous fiscal, June 30, 2022.

Other Available Funds include \$600,000 in surplus tax abatement overlay funds, the same amount as the Assessors released in FY23.

It will be necessary to use \$591,956 from the Override Stabilization Fund this year.

| REVENUE SOURCE | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| Tax Levy | 137,156,573 | 142,948,226 | 149,169,849 | 153,571,408 | 4,401,559 |
| Local Receipts | 9,708,615 | 14,460,844 | 9,225,900 | 9,855,994 | 630,094 |
| State/Federal Aid | 23,539,328 | 23,529,766 | 30,221,523 | 33,125,135 | 2,903,612 |
| Free Cash | 5,901,388 | 5,659,184 | 5,539,215 | 7,956,044 | 2,416,829 |
| Other Available Funds | 400,000 | 400,000 | 650,000 | 600,000 | (50,000) |
| Override Stabilization Fund | 2,024,197 | 6,248,581 | 2,946,037 | 591,956 | (2,354,081) |
| Total | 178,730,101 | 193,246,601 | 197,752,524 | 205,700,537 | 7,948,013 |





Total General Fund Revenues

| | <u>FY14</u> <u>Actual</u> | <u>FY15</u> <u>Actual</u> | <u>FY16</u> <u>Actual</u> | <u>FY17</u> <u>Actual</u> | <u>FY18</u> <u>Actual</u> | <u>FY19</u> <u>Actual</u> | <u>FY20</u> <u>Actual</u> | <u>FY21</u> <u>Actual</u> | <u>FY22</u> <u>Actual</u> | <u>FY23</u> <u>Budget</u> | <u>FY24</u> <u>Budget</u> |
|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Tax Levy* | 96,144,398 | 99,691,909 | 103,384,789 | 106,846,726 | 111,126,263 | 112,983,032 | 122,322,210 | 125,244,001 | 130,801,944 | 135,321,415 | 139,740,831 |
| Local Receipts | 10,296,545 | 10,115,304 | 11,071,191 | 10,689,873 | 12,004,047 | 12,004,047 | 11,231,688 | 9,708,615 | 14,460,844 | 9,225,900 | 9,855,994 |
| State Aid** | 17,093,258 | 17,462,884 | 18,230,105 | 18,918,527 | 19,375,164 | 20,039,795 | 22,481,187 | 23,539,328 | 23,529,766 | 30,221,523 | 33,125,135 |
| Free Cash | 3,411,528 | 3,042,925 | 3,435,846 | 4,537,299 | 4,850,566 | 4,593,375 | 5,559,782 | 5,901,388 | 5,659,184 | 5,539,215 | 7,956,044 |
| Other Available Funds | 200,000 | 350,000 | 350,000 | 200,000 | 500,000 | 200,000 | 200,000 | 400,000 | 400,000 | 650,000 | 600,000 |
| Override Stabilization Fund | 0 | 0 | 0 | 0 | 0 | 2,786,331 | 0 | 2,024,197 | 6,248,581 | 2,946,037 | 591,956 |
| Total | 127,145,729 | 130,663,022 | 136,471,931 | 141,192,425 | 147,856,040 | 152,606,580 | 161,794,867 | 166,817,529 | 181,100,319 | 183,904,090 | 191,869,960 |

*Excludes MWRA Debt Shift

**Excludes MSBA Reimbursements

Annual Revenue Increases

| | <u>FY14</u> <u>Actual</u> | <u>FY15</u> <u>Actual</u> | <u>FY16</u> <u>Actual</u> | <u>FY17</u> <u>Actual</u> | <u>FY18</u> <u>Actual</u> | <u>FY19</u> <u>Actual</u> | <u>FY20</u> <u>Actual</u> | <u>FY21</u> <u>Actual</u> | <u>FY22</u> <u>Actual</u> | <u>FY23</u> <u>Budget</u> | <u>FY24</u> <u>Budget</u> |
|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Tax Levy | 3,728,129 | 3,547,511 | 3,692,880 | 3,461,937 | 4,279,537 | 1,856,769 | 9,339,178 | 2,921,791 | 5,557,943 | 4,519,471 | 4,401,559 |
| Local Receipts | 409,663 | (181,241) | 955,887 | (381,318) | 1,314,174 | 0 | (772,359) | (1,523,073) | 4,752,229 | (5,234,944) | 630,094 |
| State Aid | 2,053,207 | 369,626 | 767,221 | 688,422 | 456,637 | 664,631 | 2,441,392 | 1,058,141 | (9,562) | 6,691,757 | 2,903,612 |
| Free Cash | 1,841,528 | (368,604) | 392,922 | 1,101,453 | 313,267 | (257,191) | 966,407 | 341,606 | (242,204) | (119,969) | 2,416,829 |
| Other Available Funds | 0 | 150,000 | 0 | (150,000) | 300,000 | (300,000) | 0 | 200,000 | 0 | 250,000 | (50,000) |
| Override Stabilization Fund | | | | | | 2,786,331 | (2,786,331) | 2,024,197 | 4,224,384 | (3,302,544) | (2,354,081) |
| Total | 8,032,527 | 3,517,293 | 5,808,909 | 4,720,494 | 6,663,615 | 4,750,540 | 9,188,287 | 5,022,662 | 14,282,790 | 2,803,771 | 7,948,013 |
| Percent Increase | 6.7% | 2.8% | 4.4% | 3.5% | 4.7% | 3.2% | 6.0% | 3.1% | 8.6% | 1.5% | 4.3% |

Percent of Total Revenue

| | <u>FY14</u> <u>Actual</u> | <u>FY15</u> <u>Actual</u> | <u>FY16</u> <u>Actual</u> | <u>FY17</u> <u>Actual</u> | <u>FY18</u> <u>Actual</u> | <u>FY19</u> <u>Actual</u> | <u>FY20</u> <u>Actual</u> | <u>FY21</u> <u>Actual</u> | <u>FY22</u> <u>Actual</u> | <u>FY23</u> <u>Budget</u> | <u>FY24</u> <u>Budget</u> |
|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Tax Levy | 75.6% | 76.3% | 75.8% | 75.7% | 75.2% | 74.0% | 75.6% | 75.1% | 72.2% | 73.6% | 72.8% |
| Local Receipts | 8.1% | 7.7% | 8.1% | 7.6% | 8.1% | 7.9% | 6.9% | 5.8% | 8.0% | 5.0% | 5.1% |
| State Aid | 13.4% | 13.4% | 13.4% | 13.4% | 13.1% | 13.1% | 13.9% | 14.1% | 13.0% | 16.4% | 17.3% |
| Free Cash | 2.7% | 2.3% | 2.5% | 3.2% | 3.3% | 3.0% | 3.4% | 3.5% | 3.1% | 3.0% | 4.1% |
| Other Available Funds | 0.2% | 0.3% | 0.3% | 0.1% | 0.3% | 0.1% | 0.1% | 0.2% | 0.2% | 0.4% | 0.3% |
| Override Stabilization Fund | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 1.8% | 0.0% | 1.2% | 3.5% | 1.6% | 0.3% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

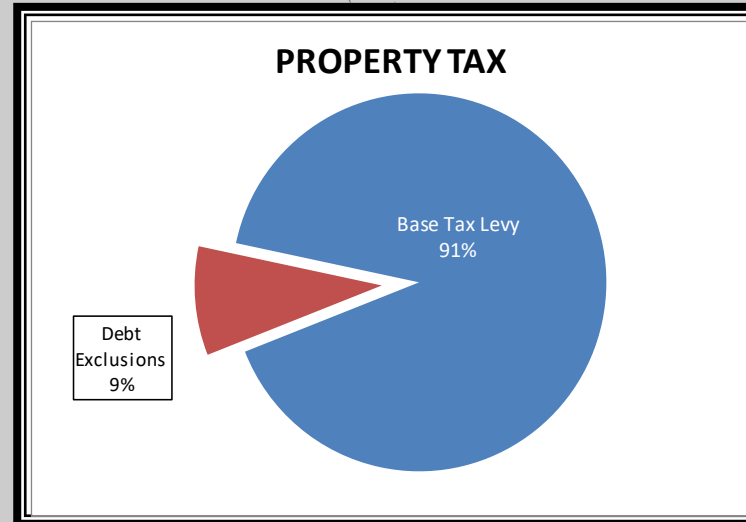
**PROPERTY TAX LEVY**

Property tax is the primary source of revenue for virtually every Massachusetts municipality. In Arlington, property taxes represent approximately 76% of annual operating revenues. Property taxes are levied on real property (land and buildings) and personal property (equipment) used by Arlington's non-manufacturing businesses. State law mandates that communities update their property values every five years and obtain State certification that such values represent full and fair cash value. A revaluation was conducted in FY2019. Under the Provisions of Proposition 2½, property taxes, in the aggregate, may not exceed 2½% of their "full and fair cash value". This limit is known as the "levy ceiling". Annual levy increases may not exceed 2½% of the previous year's levy plus the taxes from any new or renovated property added to the tax rolls (known as new growth). Any Proposition 2½ override or debt exclusion amounts approved by voters are added to the levy limit, while all related school construction reimbursements from the State are subtracted.

Property values and new growth for FY2023 are preliminary estimates used to project the levy limit. The FY2023 levy limit was \$134,851,849. The 2½% increase allowed for FY2024 is \$3,383,923. New growth from construction not previously on the tax rolls is expected to add \$1,000,000 to the levy. An additional \$13,848,434 is added to the tax levy to cover the cost of debt service for projects approved by the voters as Proposition 2½ debt exclusion overrides. This budget is the third major tranche of debt repayment for the new Arlington High School.

The Town had accepted the provisions of M.G.L. 59 § 21C, whereby water and sewer debt costs, including MWRA debt assessments, are transferred to the real estate taxes. The Select Board voted to eliminate the MWRA debt shift over three years, and it is no longer included in the tax base. The FY2024 tax levy totals \$153,589,787, representing an increase of \$4,384,445 (2.94%) over the FY2024 budgeted levy.

| PROPERTY TAX LEVY | FY 2021 Budget | FY 2022 Budget | FY 2023 Budget | FY 2024 Budget | Budget Change |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------|
| Base Tax Levy | 126,776,920 | 130,879,853 | 135,356,908 | 139,740,831 | 4,383,923 |
| General Override | | | | | - |
| Debt Exclusion Overrides | | | | | - |
| Arlington High School | 2,853,981 | 5,237,412 | 8,777,070 | 8,774,025 | (3,045) |
| Dallin School | 224,659 | 200,329 | 193,082 | 184,930 | (8,152) |
| Gibbs School | 2,023,225 | 1,959,600 | 1,901,100 | 1,842,600 | (58,500) |
| Hardy School | 73,080 | - | - | - | - |
| Minuteman High School | 1,279,014 | 1,610,964 | 1,739,452 | 1,820,001 | 80,549 |
| Peirce School | (8,608) | - | - | - | - |
| Stratton School | 534,375 | 522,975 | 511,575 | 500,175 | (11,400) |
| Thompson School | 791,675 | 745,512 | 726,155 | 727,225 | 1,070 |
| Sub-total Debt Exclusions | 7,771,401 | 10,276,792 | 13,848,434 | 13,848,956 | 522 |
| Water and Sewer Debt | 3,691,454 | 1,845,727 | - | - | - |
| Total | 138,239,775 | 143,002,372 | 149,205,342 | 153,589,787 | 4,384,445 |

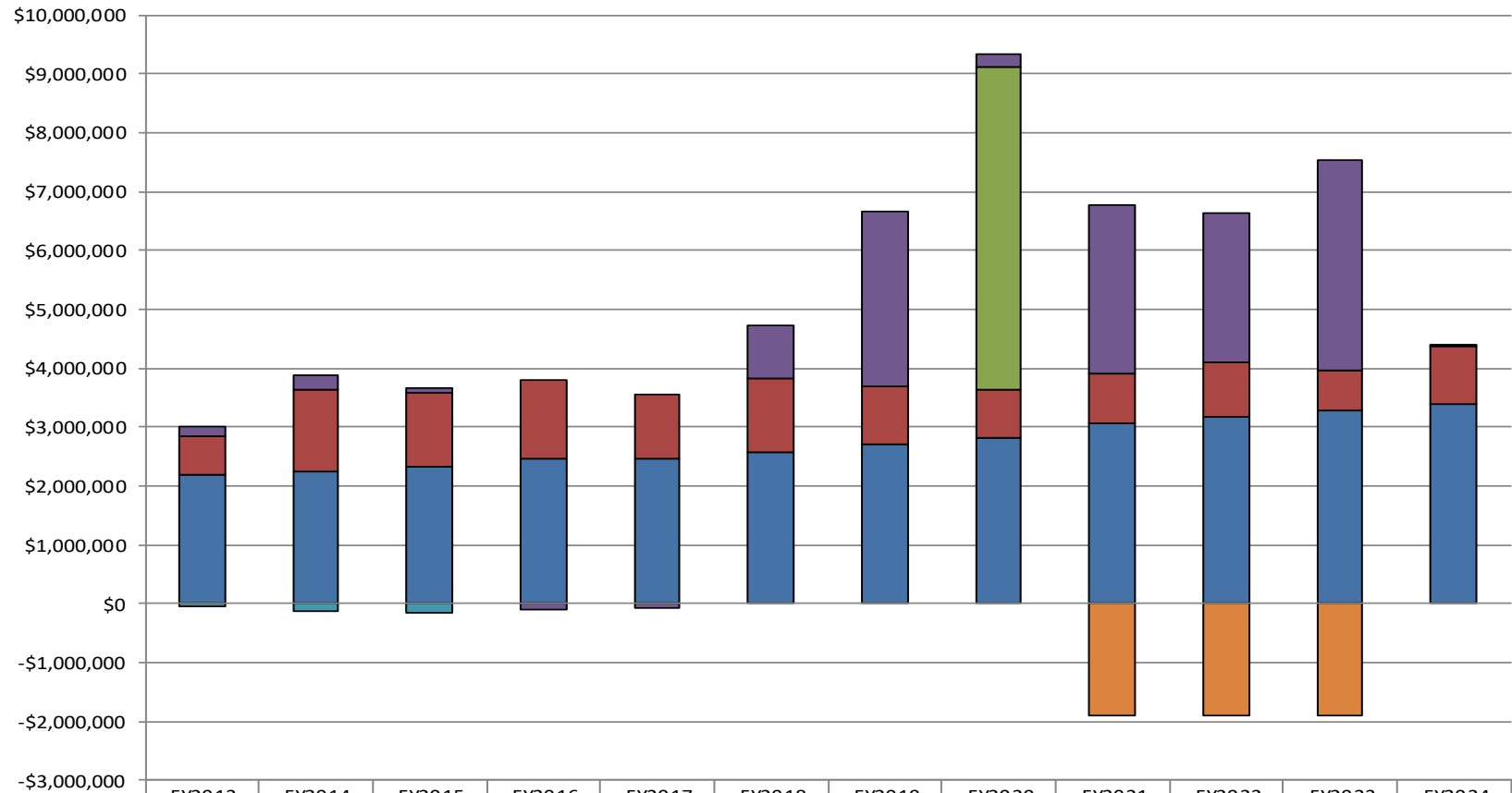


| Fiscal Year | Real Estate & Personal Property Commitments | Abatements Granted | Tax deferral Abatements (Ch 41A) | Net Tax Levy | Net Collections | % of Collections | Amount transferred into tax title | Tax Title Balance as of June 30th | Tax Possession Balance as of June 30th | Tax Deferral Balance as of June 30th |
|-------------|---|--------------------|----------------------------------|----------------|-----------------|------------------|-----------------------------------|-----------------------------------|--|--------------------------------------|
| 2022 | 142,948,713.47 | 490,915.41 | 124,615.10 | 142,333,856.39 | 143,488,856.39 | 100.81% | 322,344.82 | 841,426.21 | 396,754.00 | 561,453.81 |
| 2021 | 138,199,500.00 | 336,908.00 | 123,854.88 | 137,266,223.00 | 137,156,573.00 | 99.92% | 0.00 | 563,812.00 | 396,754.00 | 503,970.45 |
| 2020 | 133,305,155.00 | 431,175.26 | 135,687.70 | 132,738,292.04 | 133,003,248.00 | 100.20% | 0.00 | 532,795.00 | 396,754.00 | 420,768.85 |
| 2019 | 125,795,227.91 | 561,391.19 | 78,626.32 | 125,155,210.40 | 123,961,447.41 | 99.05% | 0.00 | 584,098.85 | 396,754.00 | 282,012.84 |
| 2018 | 117,255,201.00 | 316,252.00 | 56,925.09 | 116,098,972.00 | 117,222,582.00 | 100.97% | 311,784.29 | 764,812.00 | 396,784.00 | 355,494.92 |
| 2017 | 114,042,281.23 | 316,252.00 | 69,741.70 | 113,656,287.53 | 113,137,357.89 | 99.54% | 0.00 | 545,964.37 | 396,784.20 | 288,509.98 |
| 2016 | 110,511,438.41 | 344,808.64 | 50,555.38 | 110,116,074.39 | 109,675,315.38 | 99.60% | 432,204.96 | 1,016,093.83 | 396,784.20 | 251,686.77 |
| 2015 | 105,512,757.86 | 343,828.94 | 50,661.96 | 105,118,266.96 | 104,637,861.18 | 99.54% | 478,131.08 | 990,780.09 | 396,784.20 | 350,426.94 |
| 2014 | 101,955,275.34 | 323,139.16 | 57,609.97 | 101,574,526.21 | 101,147,224.95 | 99.58% | 420,461.22 | 1,046,173.13 | 396,784.20 | 350,014.89 |
| 2013 | 98,200,712.05 | 391,307.70 | 55,314.74 | 97,754,089.61 | 97,319,166.14 | 99.56% | 435,398.24 | 946,663.94 | 396,784.20 | 293,094.22 |
| 2012 | 95,185,766.56 | 427,191.48 | 47,748.92 | 94,710,826.16 | 94,287,096.98 | 99.56% | 423,729.18 | 858,108.74 | 396,784.20 | 307,667.70 |
| 2011 | 86,093,152.50 | 465,825.69 | 51,677.04 | 85,575,649.77 | 84,199,193.25 | 99.56% | 375,360.09 | 650,009.11 | 396,784.20 | 303,386.69 |
| 2010 | 83,612,918.72 | 483,555.47 | 61,658.71 | 83,067,704.54 | 82,652,328.29 | 99.50% | 415,059.45 | 781,121.00 | 396,784.20 | 363,475.82 |
| 2009 | 81,073,914.29 | 487,858.75 | 77,402.97 | 80,508,652.57 | 80,065,721.17 | 99.45% | 480,507.03 | 707,145.88 | 396,784.20 | 393,703.43 |

It is Town policy to close out all real estate and personal property commitments in the same fiscal year, except in 2017 and 2019, when such close outs were delayed one year because of the Town's conversion to new tax collection software.



COMPONENTS OF TAX LEVY INCREASE



| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|-----------|
| MWRA Debt | - | - | - | - | - | - | - | - | -1,901,658 | -1,901,658 | -1,901,658 | - |
| Symmes Debt Exclusion | (28,590) | (128,721) | (150,000) | - | - | - | - | - | - | - | - | - |
| Debt Exclusions | 157,960 | 255,465 | 62,328 | (92,013) | (61,801) | 895,287 | 2,972,113 | 211,842 | 2,843,562 | 2,529,154 | 3,571,642 | 522 |
| General Override | - | - | - | - | - | - | - | 5,500,000 | - | - | - | - |
| New Growth | 657,203 | 1,393,953 | 1,255,293 | 1,337,666 | 1,070,144 | 1,263,812 | 981,206 | 816,617 | 850,163 | 933,510 | 700,000 | 1,000,000 |
| 2.5% Increase | 2,198,195 | 2,240,858 | 2,337,986 | 2,455,742 | 2,477,526 | 2,573,287 | 2,706,470 | 2,815,970 | 3,071,384 | 3,169,423 | 3,271,996 | 3,383,923 |

**LOCAL RECEIPTS SUMMARY**

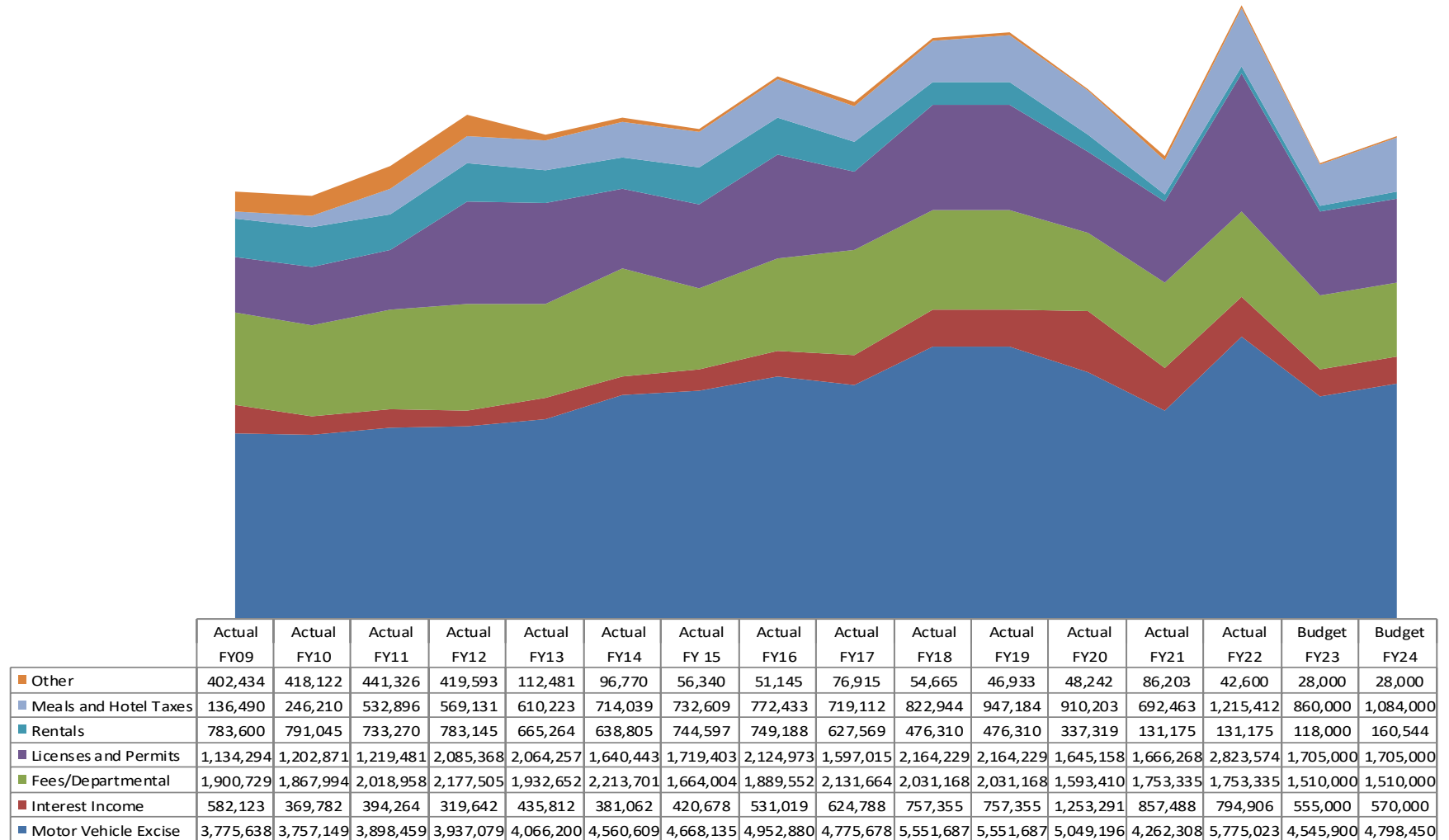
Local receipts for FY2024 are adjusted to project increases after being dropped significantly in FY2021 to reflect the effects of the COVID-19 pandemic. Motor Vehicle Excise tax revenue will increase by \$252,550. The budgeted estimate for Interest Income is increased by \$15,000 due to historic collection trends in the Penalties & Interest category. Department Fees are projected to increase by \$96,000, largely due to an increase in the school Medicaid category. Hotel and Meals are projected to continue their rebound to pre-pandemic levels, and Marijuana Taxes are expected to increase with the addition of another licensed marijuana facility. All together, this category is projected to see a \$224,000 increase over FY2023.

Rental Income declined in FY2021, because the Town no longer rents its Ryder St. property and instead use it as space for the Department of Public Works to use as temporary transition space during renovation of the Public Works yard. In FY2022, the Town stopped renting the Mt. Gilboa property as a residential home and is studying options for future use of the building. In FY2024, rental receipts will increase with the additional rent of some space within the community center.

| LOCAL RECEIPTS SUMMARY | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Motor Vehicle Excise | 4,262,308 | 5,775,023 | 4,545,900 | 4,798,450 | 252,550 |
| Interest Income | 857,488 | 794,906 | 555,000 | 570,000 | 15,000 |
| Departmental Fees | 1,702,874 | 1,753,335 | 1,414,000 | 1,510,000 | 96,000 |
| Licenses and Permits | 1,666,268 | 2,823,574 | 1,705,000 | 1,705,000 | - |
| Rentals | 131,175 | 120,695 | 118,000 | 160,544 | 42,544 |
| Meals, Hotel, and Marijuana Taxes | 692,463 | 1,215,412 | 860,000 | 1,084,000 | 224,000 |
| Other | 86,203 | 42,600 | 28,000 | 28,000 | - |
| Total | 9,398,779 | 8,873,350 | 9,225,900 | 9,855,994 | 630,094 |



Local Receipts History



**MOTOR VEHICLE EXCISE**

Motor vehicle excise tax receipts are projected to rise by \$252,550 after dropping in FY2021 and rebounding in FY2022 and trending above projections in FY2023. Although long-term term trends show previous annual increases, the COVID-19 pandemic changed that, as fewer people bought or leased new cars. Excise tax commitments have been increasing year since 2012, exceeding the low in 2009. The excise rate is \$25 per thousand and is assessed on 90% of the vehicle's value in the first year, 60% in the second year, 40% in the third year, 25% in the fourth year, and 10% thereafter. The actual billings are prepared by the Registry of Motor Vehicles and then turned over to the Town for printing, distribution, and collection. There are approximately 38,000 registered vehicles in Arlington. In the chart below, Levy Year 2022 is as of June 30, 2022.

Motor Vehicle Excise Collection By Fiscal Year

| <u>Levy Year</u> | <u>Commitments</u> | <u>Collections</u> | <u>Refunds</u> | <u>Net Collections</u> | <u>Abatements</u> | <u>Balance (Uncoll.)</u> | <u>Collection %</u> |
|------------------|--------------------|--------------------|----------------|------------------------|-------------------|------------------------------|---------------------|
| 2022 | \$ 6,023,514.13 | \$ 6,089,551.67 | \$ 102,001.34 | \$ 5,987,550.33 | \$ 128,963.23 | \$ (92,999.43) | 101.54% |
| 2021 | \$ 4,241,897.70 | \$ 4,539,211.36 | \$ 68,422.11 | \$ 4,470,789.25 | \$ 104,890.97 | \$ (333,782.52) | 107.87% |
| 2020 | \$ 5,251,165.00 | \$ 5,264,953.75 | \$ 100,625.31 | \$ 5,164,328.44 | \$ 158,614.32 | \$ (71,777.76) | 101.37% |
| 2019 | \$ 5,468,145.35 | \$ 5,333,179.75 | \$ 88,693.84 | \$ 5,244,485.91 | \$ 159,831.70 | \$ 63,827.74 | 98.83% |
| 2018 | \$ 5,843,844.70 | \$ 5,655,881.52 | \$ 103,697.40 | \$ 5,552,184.12 | \$ 188,660.91 | \$ 102,999.67 | 98.24% |
| 2017 | \$ 4,838,049.36 | \$ 4,865,068.94 | \$ 90,286.47 | \$ 4,774,782.47 | \$ 158,912.85 | \$ (95,645.96) | 101.98% |
| 2016 | \$ 5,165,749.14 | \$ 5,038,846.19 | \$ 85,965.27 | \$ 4,952,880.92 | \$ 169,326.92 | \$ 43,541.30 | 99.16% |
| 2015 | \$ 4,867,711.40 | \$ 4,768,890.38 | \$ 100,755.76 | \$ 4,668,134.62 | \$ 521,918.86 | \$ (322,342.08) | 106.62% |
| 2014 | \$ 4,213,165.12 | \$ 4,636,918.89 | \$ 76,292.47 | \$ 4,560,626.42 | \$ 134,742.51 | \$ (482,203.81) | 111.45% |
| 2013 | \$ 4,342,665.00 | \$ 4,145,705.00 | \$ 80,917.00 | \$ 4,064,788.00 | \$ 129,537.00 | \$ 148,340.00 | 96.58% |
| 2012 | \$ 4,077,138.00 | \$ 4,021,599.00 | \$ 54,950.00 | \$ 3,966,649.00 | \$ 71,047.00 | \$ 39,442.00 | 99.03% |

MOTOR VEHICLE EXCISE

| | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Motor Vehicle Excise | 4,262,308 | 5,775,023 | 4,545,900 | 4,798,450 | 252,550 |

**DEPARTMENTAL FEES**

Departmental fees are projected to increase by \$96,000, with movement in a few categories.

An increase on the amount reimbursed through Medicaid in the schools has increased based on historic trends.

The establishment of a Parking Benefits District at Town Meeting for Arlington Center means that parking meter revenue, which had been reported under Departmental Fees, has been moved to the Parking Fund and the estimate for parking violations. With the issues in the meters impacting collections in FY23, the FY24 number has been adjusted.

Ambulance fees are now being collected differently due to a change in the way revenue is collected with our ambulance provider. This will result in increases in this fee category.

| DEPARTMENTAL FEES | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Schools (Medicaid Reimbursement) | 419,625 | 439,316 | 100,000 | 200,000 | 100,000 |
| Cemetery Revenue | 230,550 | 260,425 | 250,000 | 250,000 | - |
| Library Fees and (Fines, discontinued in 2019) | 3,352 | 6,149 | - | - | - |
| Town Clerk Fees | 70,489 | 77,509 | 40,000 | 50,000 | 10,000 |
| Parking Violations | 111,195 | 216,146 | 300,000 | 250,000 | (50,000) |
| Fire Alarm Renewal Fee | 4,500 | 5,000 | 5,000 | 5,000 | - |
| Ambulance Fees | 523,160 | 413,004 | 424,000 | 460,000 | 36,000 |
| Other Departmental Revenue | 282,407 | 262,975 | 225,000 | 225,000 | - |
| Other Department Fees | 57,595 | 72,811 | 70,000 | 70,000 | - |
| Total | 1,702,874 | 1,753,335 | 1,414,000 | 1,510,000 | 96,000 |

**INTEREST INCOME & PENALTIES**

Interest Income is projected to remain unchanged. It is made up of two components: investment income and interest and penalties associated with delinquent tax payments.

The Interest Income revenue estimate remains level with the FY2023 budget. Interest rates generally are very volatile right now. Investment income can vary widely depending upon market interest rates, available cash balances, cash flows, and investment practices. Investment income dropped from a high of more than \$1.4 million in FY2007 to \$55,430 in FY2011. This is due to dramatic fluctuations in interest rates. As interest rates continue to change, the Town will monitor interest income. In recent years, notwithstanding low interest rates, the Treasurer/Collector has maximized interest income through careful investments. FY23 remains on pace to be a very high investment income year.

| INTEREST INCOME | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|----------------------|------------------|------------------|------------------|------------------|------------------|
| Investment Income | 419,625 | 306,987 | 200,000 | 200,000 | - |
| Penalties & Interest | 437,864 | 487,919 | 355,000 | 370,000 | 15,000 |
| Total | 857,488 | 794,906 | 555,000 | 570,000 | 15,000 |

**LICENSES AND PERMITS**

Licenses and permits revenues for FY2024 are projected to remain stable. Building Permits typically generate the most permit revenue, but are also the most volatile, subject to fluctuation as the economy strengthens or weakens or as interest rates increase or decline. The FY2024 projection is consistent with long-term collections, excluding large, one-time permits.

Besides building permits, some of the other major categories of Licenses and Permits include parking permits and liquor licenses issued by the Select Board, and fire permit fees, which include fire alarm connection fees. All of these are expected to remain flat.

| LICENSES AND PERMITS | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Parking Permits | 74,630 | 123,439 | 115,000 | 115,000 | - |
| Liquor Licenses | 30,425 | 80,625 | 80,000 | 80,000 | - |
| Food Licenses | 6,720 | 8,070 | 7,000 | 7,000 | - |
| Food Permits | 14,000 | 14,523 | 16,000 | 16,000 | - |
| Tobacco Permits | 11,000 | 23,000 | 11,000 | 11,000 | - |
| Building Inspections | 1,464,423 | 2,508,727 | 1,420,000 | 1,420,000 | - |
| Fire Prevention Permits | 60,390 | 60,390 | 50,000 | 50,000 | - |
| Marriage Licenses | 4,680 | 4,800 | 6,000 | 6,000 | - |
| Total | 1,666,268 | 2,823,574 | 1,705,000 | 1,705,000 | 0 |

**RENTAL INCOME**

The Town derives income from the renting of several Town-owned properties including the Parmenter School, the Mt. Gilboa house, and the former Dallin Library. The Town no longer rents out the former Park and Recreation Department buildings at Ryder Street.

Overall, revenue is projected to remain unchanged.

New leases, which went into effect in FY2015, include a capital contribution which will offset future capital improvements to the buildings. Projected revenue from other properties remains unchanged.

The Parmenter School building has one tenant, the Arlington Children's Center. The front section of the building was renovated to house the Menotomy Pre-School, which moved from the Arlington High School building, while the latter is under construction.

The Ryder Street property will be used by the Department of Public Works to house some of its vehicles and programs during the next two years while the DPW Grove St. buildings are under construction.

The Mt. Gilboa property is a residential house that had been rented to a tenant until early FY2021. It is now vacant and the Town is reevaluating its best use.

The Dallin Library is currently leased to the Arlington Community Media, Inc. (ACMi).

| RENTAL INCOME | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Parmenter | 72,059 | 75,579 | 73,000 | 73,000 | - |
| Community Center | 14,000 | - | - | 42,544 | 42,544 |
| Dallin Library | 45,116 | 45,116 | 45,000 | 45,000 | - |
| Total | 131,175 | 120,695 | 118,000 | 160,544 | 42,544 |



OTHER LOCAL RECEIPTS

Other local receipts are projected to stay level in FY2024.

| OTHER LOCAL RECEIPTS | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Court Fines | 7,932 | 9,366 | 10,000 | 10,000 | - |
| Special Assessments | 7,708 | 7,708 | - | - | - |
| Payments In Lieu of Taxes | 70,563 | 25,526 | 18,000 | 18,000 | - |
| Total | 86,203 | 42,600 | 28,000 | 28,000 | 0 |



Hotel, Meals, and Marijuana Taxes

In 2009, the Legislature gave the authority to Town Meeting to adopt optional increases to the meals and hotel taxes. At that time, only the State collected revenue from the meals tax of 5%. Cities and towns were allowed to add an additional 0.75%. The Town also collected a room occupancy tax on hotels of 4% at that time (there is only one hotel in Arlington). The State allowed cities and towns to increase the room occupancy tax by 1% to a total of 5%.

Estimates for the Hotel Tax will rise in FY2024, as that industry continues resurgence from the COVID-19 pandemic. Meals tax revenues are projected to increase back towards pre-pandemic levels. Marijuana Tax revenues are projected to increase as well, as the Town has added one licensed marijuana facility.

| HOTEL, MEALS & MARIJUANA TAXES | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Meals Tax | 377,538 | 512,498 | 410,000 | 425,000 | 15,000 |
| Hotel Tax | 156,297 | 361,974 | 211,000 | 350,000 | 139,000 |
| Marijuana Tax | 158,627 | 340,940 | 239,000 | 309,000 | 70,000 |
| Total | 692,463 | 1,215,412 | 860,000 | 1,084,000 | 224,000 |

**STATE AID SUMMARY**

The State's FY2024 Governor's budget recommendation includes a statewide \$534 million increase in Chapter 70 School Aid and a \$26.9 million increase in General Government Aid. As a result Arlington will benefit from a \$2,810,044 increase in Chapter 70 School Aid and a \$175,765 increase in Unrestricted General Government Aid (UGGA).

Total General Government Aid — Unrestricted General Government Aid and Veterans' Benefits reimbursements — will increase \$163,733 or 1.83%.

School Aid — Chapter 70 School Aid plus Charter School tuition reimbursement and exclusive of school construction aid — is projected to increase \$2,720,643 or 16.93%.

Overall FY2024 State Aid, as used to balance the Town Meeting budget, will increase by \$2,903,612 to a total of \$28,125,135.

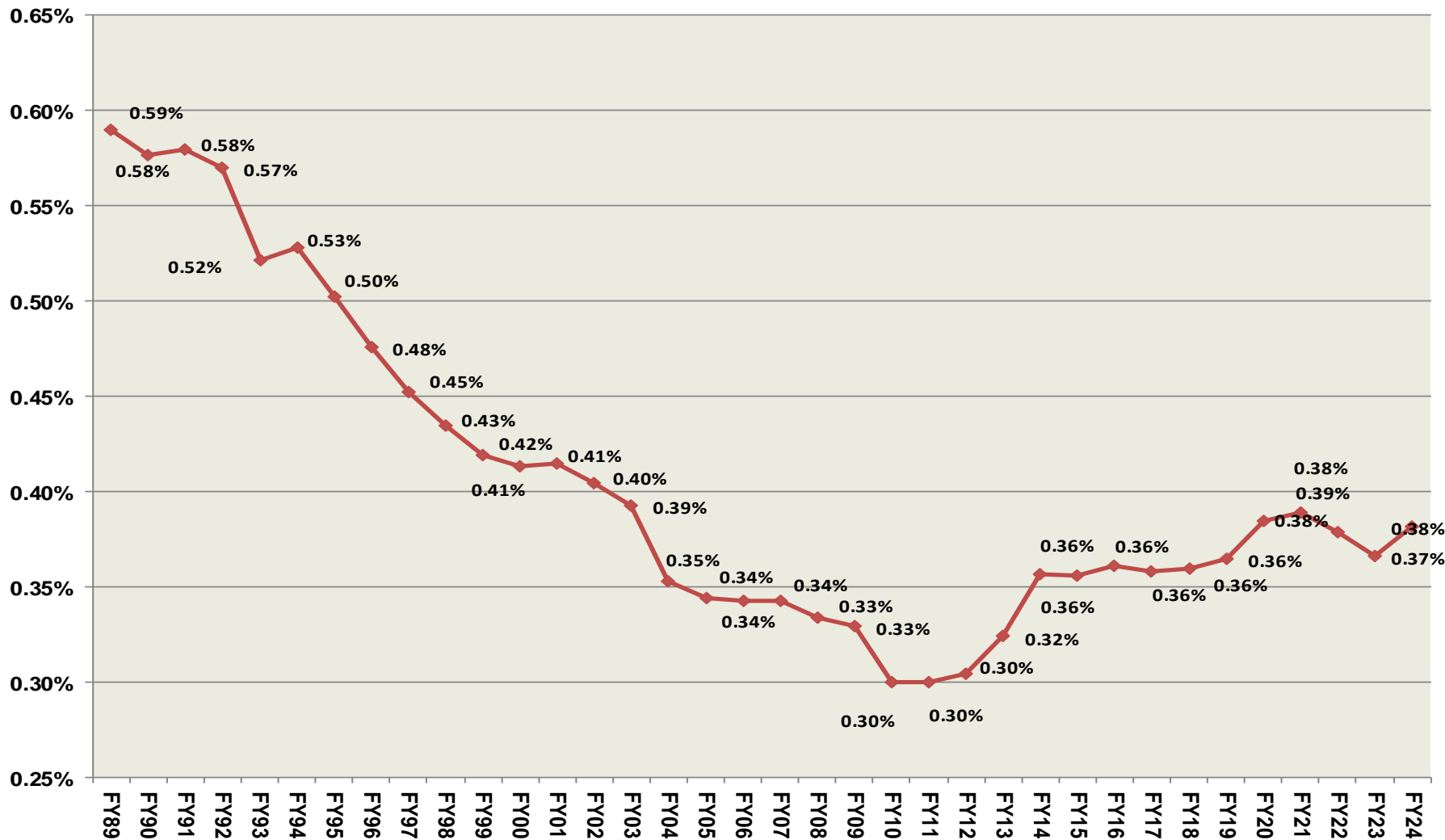
Since 1989 and the cuts to local aid across the state, Arlington has seen its share of total state aid cut by approximately 37%, from .59% to .38% (see chart on p. 41). Other, poorer communities have seen greater increases in state aid, because state aid formulas allocate more aid to low income and low wealth communities.

However, in the past decade, and in particular in the past two years because of large increases in Chapter 70 Education aid through the state Student Opportunity Act, Arlington has seen its share of state aid increase and prior to the Coronavirus pandemic was on track to achieve near parity with statewide increases in state aid. In FY2024 Arlington's rate of increase is greater than the overall statewide rate of increase in State Aid, and therefore the gap has narrowed. (See the cumulative year-to-year increases and decreases since FY2002 in the chart on p. 42).

| STATE AID SUMMARY | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Gen Government Aid | 8,269,485 | 8,501,973 | 8,936,055 | 9,099,788 | 163,733 |
| School Aid | 14,652,644 | 14,838,168 | 16,073,587 | 18,794,230 | 2,720,643 |
| School Construction | 476,523 | - | - | - | 0 |
| Tax Exemptions | 142,386 | 114,525 | 110,900 | 121,055 | 10,155 |
| Cherry Sheet Offsets | 71,523 | 75,100 | 100,981 | 110,062 | 9,081 |
| Total | 23,612,561 | 23,529,766 | 25,221,523 | 28,125,135 | 2,903,612 |

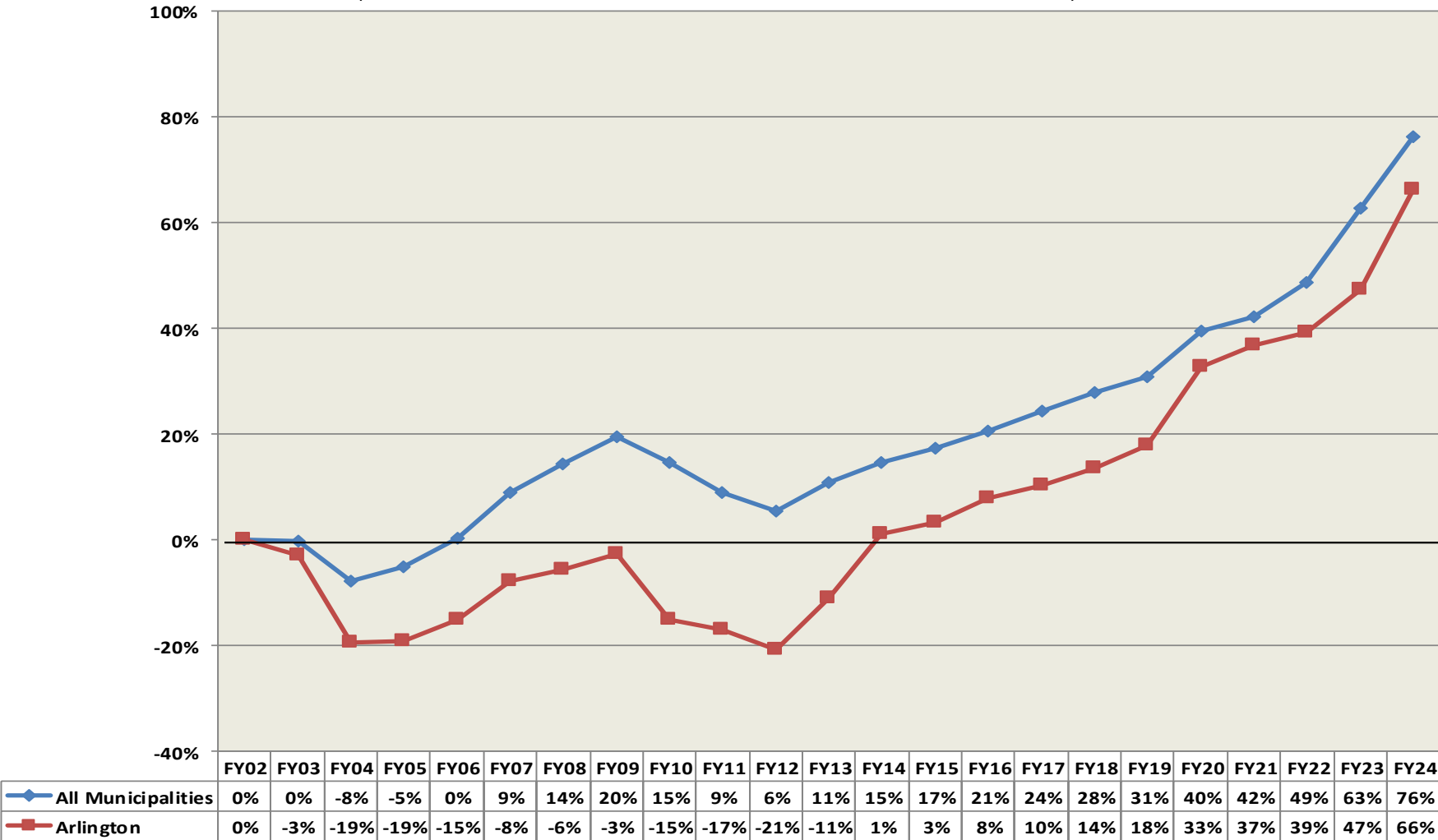


Arlington's Percent of Total State Aid





State Aid Cumulative Year-to-Year Percent Change
Since Fiscal Year 2002
(Numbers Exclude School Construction and METCO Reimbursements)





GENERAL GOVERNMENT

Unrestricted General Government Aid (UGGA)

In FY2024 UGGA is expected to increase \$175,765 or 2.0% to \$8,964,035.

As historical background, in FY2010, the Additional Assistance category was combined with Lottery Aid under a new category called Unrestricted General Government Aid. Between these two aid categories, Arlington received in excess of \$9.4 million in FY2008. While this account is increasing in FY2024, the Town has experienced a reduction in this aid of approximately \$788,000 since FY2008.

Veterans' Benefits

Chapter 115, Section 6, calls for the reimbursement to cities and towns of the costs of providing assistance to veterans and their dependents. Benefits paid out in accordance with state guidelines are eligible for 75% reimbursement. For FY2024 the Cherry Sheet estimate is \$135,753, a decrease from the previous year, which reflects a stable population of veterans filing benefits claims and consistent efforts by the Town's Veterans' Service Agent to secure VA and other federal benefits for eligible veterans.

| GENERAL GOVERNMENT | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Unrestricted General Government Aid | 8,056,055 | 8,338,017 | 8,788,270 | 8,964,035 | 175,765 |
| Veterans' Benefits | 213,430 | 163,956 | 147,785 | 135,753 | (12,032) |
| Total | 8,269,485 | 8,501,973 | 8,936,055 | 9,099,788 | 163,733 |

**SCHOOL AID*****School Aid– Chapter 70***

The State's total statewide education funding in FY2024, exclusive of regional schools, is \$5.7 billion, an increase of \$534 million, or 10.3%. Of this amount, Arlington is to receive \$18,703,409, an increase of \$2,810,044 or 17.68%.

The Chapter 70 distribution formula calculates a Foundation Budget, the estimated cost to educate all students in each school district across the state, and funds a percentage of that budget, depending upon a number of factors, including community income levels, property wealth, and municipal contributions to the school budget. For those communities determined to be relatively wealthy, such as Arlington, the State will fund a maximum 17.5% of the school district's foundation budget. Communities that are less affluent receive significantly more than the 17.5% minimum. The Foundation Aid formula contained in the 2019 Student Opportunity Act better accounts for the School Department's rising enrollment and costs (such as providing health insurance to teachers and staff and educating English Language Learners, economically disadvantaged students, and students receiving special education services). Arlington benefited from this change FY2020 and FY2021. The FY2024 Governor's budget accounts for the increase in student enrollment in Arlington as measured in October 2022 over October 2021.

Charter School Tuition Assessment Reimbursement

General Laws Chapter 71, Section 89 (nn) mandates that the State assess a municipality or regional school district for the costs associated with pupils attending a Charter School district and reimburse sending districts for the tuition they pay to Commonwealth charter schools. Municipalities and school districts are reimbursed for this assessment based on a funding schedule that is supposed to follow a pattern of in year one, an amount equal to 100% of the assessment; in years two through six, an amount equal to 25% of the assessment, after year six, no reimbursement. This reimbursement is subject to appropriation. If the account is not fully-funded, then the reimbursement is pro-rated. The Student Opportunity Act increased funding for Charter School Tuition Reimbursements, with a goal of reaching full funding over three years, starting in FY2021. Based on the Governor's budget, in FY2024 the Town will receive \$90,821, a decrease of \$89,401, marking a departure from the Baker Administration's funding priorities.

| SCHOOL AID | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Chapter 70 School Aid | 14,566,028 | 14,741,108 | 15,893,365 | 18,703,409 | 2,810,044 |
| Charter School Tuition Reimbursement | 86,616 | 97,060 | 180,222 | 90,821 | (89,401) |
| Total | 14,652,644 | 14,838,168 | 16,073,587 | 18,794,230 | 2,720,643 |



SCHOOL CONSTRUCTION AID

The school construction aid the Town currently receives is for projects completed under an old State school building assistance program, the SBA program under which cities and towns borrowed the full amount of debt for a school building project and the state reimbursed the cities and towns for its share of the project. In 2004, the Governor signed Chapter 210 of the Act of 2004, which made substantial changes to the School Building Assistance (SBA) Program. This legislation (Ch. 208) transferred responsibility for the School Building Assistance Program from the Department of Education to the Massachusetts School Building Authority (MSBA), operating under the Office of the State Treasurer. The authority is a new and independent governing body comprised of seven members. The reform legislation dedicates one cent of the state sales tax to the new off-budget school building trust. This is projected to be \$858 million in 2019. Funding is no longer subject to an annual appropriation from the Legislature and approval of the Governor, allowing MSBA to prepay its share of project expenses. This streamlined process saves local communities millions in avoided interest costs and provides greater cash flow.

The Peirce School project was the last school project to receive reimbursement under the old SBA process. For FY22 the reimbursement was \$476,523. The last construction aid payments for the Peirce School occurred in FY2021, the same year of the last Arlington bond payment for the construction project. There will be not more of these reimbursements in the future.

| SCHOOL AID | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|-------------------------|------------------|------------------|------------------|------------------|------------------|
| School Construction Aid | 476,523 | 0 | 0 | 0 | - |

**TAX EXEMPTION AID**

There are several categories of property tax exemptions for which the State provides a partial reimbursement to municipalities. For FY2023, Arlington's reimbursements are expected to decrease \$3,625 to a total of \$110,900. Veterans, blind persons, surviving spouses, and elderly who meet exemption requirements are eligible. Elderly persons (at least 65 years of age) who meet certain whole estate or total assets, annual income, and residency requirements, are eligible for an exemption. The number of exemptions granted is multiplied by the statutory reimbursement of \$500, subject to appropriation. However, if a municipality has adopted Clause 41B or 41C (Arlington has adopted this section which increases exemption amount to \$1,300), the number of exemptions for which it is reimbursed cannot exceed the number reimbursed in the most recent year under Clause 41. In addition, municipalities that have adopted Clause 41B or 41C will be reimbursed for additional costs incurred in determining eligibility of applicants under these clauses in an amount not to exceed two dollars per exemption granted. For property tax exemptions granted to qualifying veterans, blind persons, surviving spouses, and elderly persons, the exemption and reimbursement amounts are as follows:

- Surviving spouses, minor children, elderly persons:
 - Clause 17 - \$175, full reimbursement
 - Clauses 17C, 17C^{1/2}, 17D - \$227.50, reimbursement cannot exceed the amount reimbursed on Clause 17.
- Veterans:
 - Clause 22(a-f) - \$520 exempted, \$225 reimbursed
- Paraplegic veterans, surviving spouses:
 - Full amount, 100% minus \$175 reimbursed (\$8A)
- Veterans, loss of one arm, foot, or eye:
 - Clause 22A - \$975 exempted, \$575 reimbursed
- Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight:
 - Clause 22B - \$1,625 exempted, \$1,075 reimbursed
- Veterans, special adapted housing:
 - Clause 22C - \$1,950 exempted, \$1,325 reimbursed
- Veterans, surviving spouses of service members who died in combat zone or who are missing in action and presumed dead due to combat:
 - Clause 22D - 100% exempted- 1st five years of exemption, \$2,500 thereafter
- Veterans, 100 percent disability:
 - Clause 22E - \$1,300 exempted, \$825 reimbursed
- Blind persons:
 - Clause 37A - \$650 exempted, \$87.50 reimbursed

| TAX EXEMPTION AID | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Tax Exemption Aid | 142,386 | 114,525 | 110,900 | 121,055 | 10,155 |

**CHERRY SHEET OFFSETS**

Included in the estimated amount of aid to be received from the State are grant funds for libraries. These grants are reserved for direct expenditure by the departments and cannot be counted as general available revenues. Consequently, as part of the tax rate preparation process, whatever amount is included within the State Aid estimate is also included in the non-appropriated expense section as offsetting debits.

The Town has traditionally received two such annual grants — one for the school lunch and one for public libraries. In FY2016, the State started to account for the school lunch program differently and it is no longer be reflected on the Cherry Sheet.

The library grant is actually three separate grants — the Library Incentive Grant (LIG), Municipal Equalization Grant (MEG) and the Nonresident Circulation Offset (NRC). In FY2023, assistance to libraries is expected to increase to \$85,001. The three funding formulas to determine amounts for each municipality are as follows:

1. The Library Incentive Grant (LIG) is distributed to municipalities as follows:
 - a. Population under 2,500: an amount equal to the amount appropriated for free public library service in the preceding year; distribution not to exceed \$1,250.
 - b. Population of 2,500 or over: up to \$.50 per capita, provided that at least \$1,250 was appropriated for public library service in the preceding year.
2. The Municipal Equalization Grant (MEG) distributes the balance in the LIG/MEG account according to the lottery formula so that municipalities with lower property values receive proportionately more aid than those with greater property values.
3. The Nonresident Circulation Offset (NRC) is distributed annually by the Board of Library Commissioners, based upon each community's share of the total Statewide-circulated items.

The Board of Library Commissioners measures compliance with all requirements before voting to certify or deny applicants for grant payments. To qualify for funding, certain requirements must be met and the municipal Library Director must submit an application to the Board of Library Commissioners each year. Requirements include:

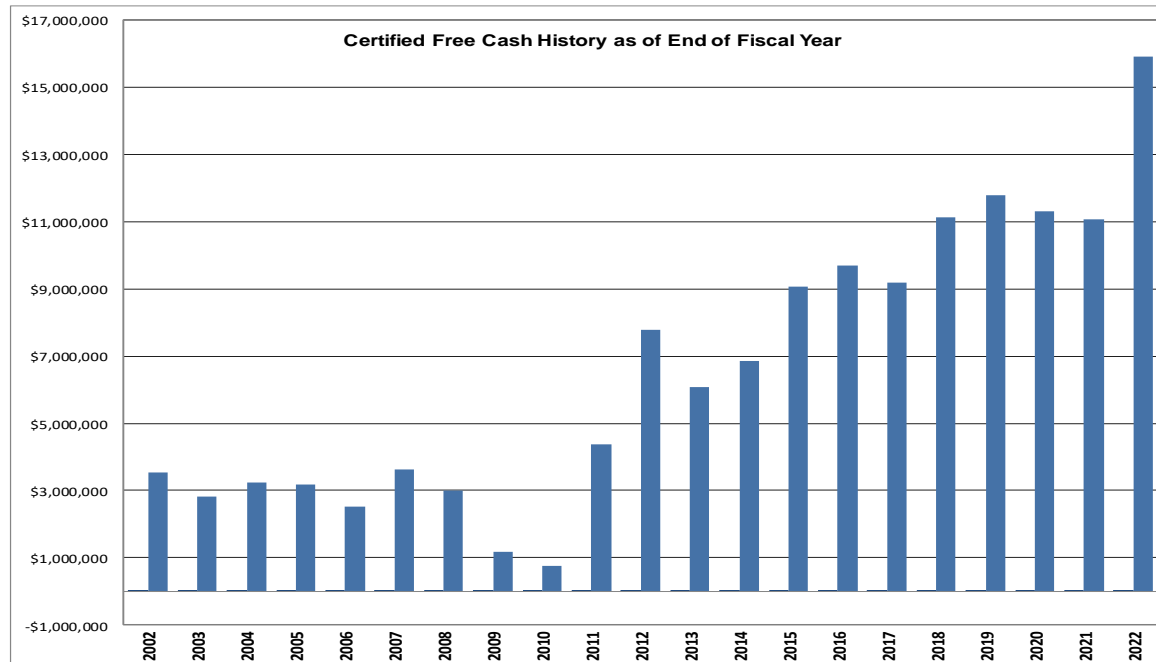
- The city or town's appropriation to operate the public libraries must be equal to or greater than 102.5% of the average of the 3 preceding years' appropriations for free public library service. The Board of Library Commissioners may grant waivers of this requirement to a limited number of municipalities.
- The library must have complied with the minimum standards for free public library service in the preceding year. There are minimum standards in such areas as library director's education, number of hours open, and expenditures for library materials. The library must submit annual report data as specified by the Board of Library Commissioners.

| CHERRY SHEET OFFSETS | FY2021 Budget | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Libraries | 71,523 | 75,100 | 100,981 | 110,062 | 9,081 |
| Total | 71,523 | 75,100 | 100,981 | 110,062 | 9,081 |

**FREE CASH**

Free Cash, which is certified as of July 1 each year by the Commonwealth's Department of Revenue (DOR), represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. These funds, once certified, may be used to support supplemental appropriations during the year: to support the ensuing fiscal year's budget, to reduce the tax levy, or to serve as emergency reserves. Free Cash is generated when the actual operating results compare favorably with the budget, such as when actual revenues exceed the original estimates and/ or when actual expenditures are less than amounts that were appropriated. It is also affected by increases or decreases in uncollected property taxes, deficits in non- General Fund funds, and any other legally incurred operating deficits, such as snow removal overdrafts.

The Town's free cash balance as of June 30, 2022 was \$15,912,078. In accordance with Town policy, Arlington can appropriate up to 50% of the free cash balance towards the next fiscal year's budget. It is recommended that \$7,956,044 or 50% of the existing balance, be appropriated toward the FY2024 budget.



| FREE CASH | FY2021 Actual | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|------------------------|------------------|------------------|------------------|------------------|------------------|
| Free Cash Appropriated | 5,901,388 | 5,659,184 | 5,539,215 | 7,956,044 | 2,416,830 |



OTHER REVENUE

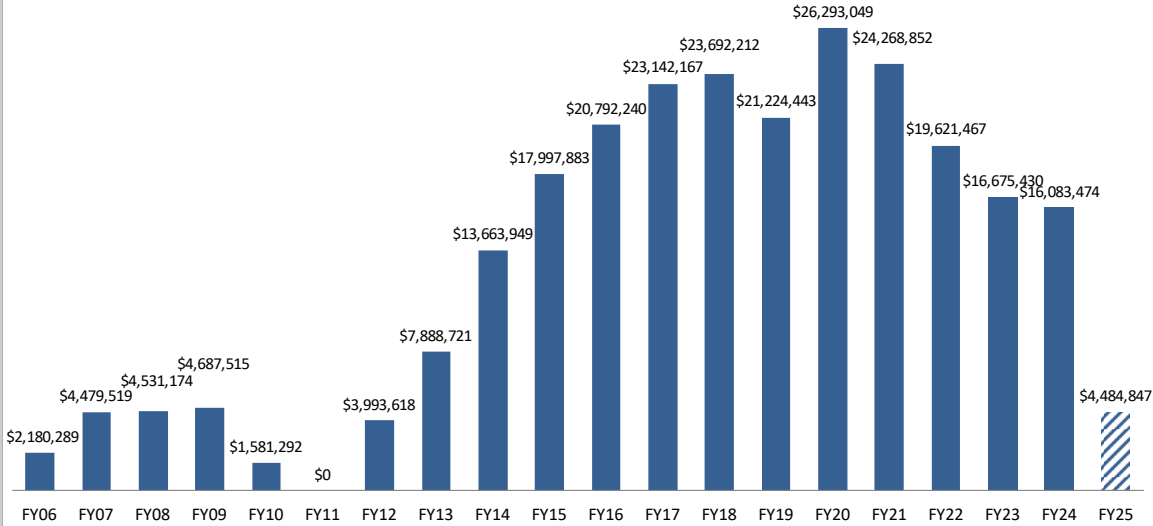
Overlay Surplus

The Tax Abatement Overlay Reserve Surplus comes from funds set aside each year for property tax abatements and exemptions. Any funds remaining in the accounts that are no longer needed are declared surplus by the Board of Assessors and are made available for appropriation. For FY2024, the Board of Assessors has declared \$600,000 as surplus for operating costs, an increase over the previous year.

Override Stabilization Fund

The Override Stabilization Fund was created as a result of the 2005 Proposition 2½ Override. The five-year Long Range Plan developed at that time projected that the first two years would have surplus funds to be put in an Override Stabilization Fund, the third year there would be no surplus, and the last two years the surplus funds would be drawn down to balance the budget. As a result of tight budget controls, there was no need to make any drawdown from the fund until the fifth year, FY2010, when \$2,742,376 was withdrawn. The remaining balance in the fund, of \$1,580,000, was appropriated in FY2011, the sixth year. Since the Override of 2011, \$23,692,212 was put into the Fund, until FY2019, when money was again withdrawn prior to the June 2019 Override. FY2024 takes \$591,956 from the fund. The Fund is projected to last until FY2025.

Override Stabilization Fund Balances



| OTHER REVENUE | FY2021 Budget | FY2022 Actual | FY2023 Budget | FY2024 Budget | Budget Change |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Overlay Surplus | 400,000 | 400,000 | 400,000 | 600,000 | 200,000 |
| Override Stabilization Fund | 2,024,197 | 6,248,581 | 3,373,854 | 591,956 | (2,781,898) |
| Total | 2,424,197 | 6,648,581 | 3,773,854 | 1,191,956 | (2,581,898) |



THIS PAGE INTENTIONALLY LEFT BLANK

